

POLICY FRAMEWORK FOR DCHC MPO FEDERAL FUNDS

Under federal legislation, the Durham-Chapel Hill-Carrboro Metropolitan Planning Organization (DCHC MPO) is responsible for programming and maintaining the seven-year Transportation Improvement Program (TIP), coordinating updates of the State Transportation Improvement Program (STIP) and selecting projects to receive funds from four federal funding programs:

- Surface Transportation Program – Direct Apportionment (STP-DA)
- Transportation Alternatives Program (TAP)
- Congestion Mitigation and Air Quality (CMAQ)
- Federal Transit Administration (FTA)

Under MAP-21, DCHC MPO is required to document the process used for programming these funds. The “Policy Framework for the DCHC MPO’s Federal Funds” provides policy direction and guidelines for the recommendation and selection of projects to receive DCHC MPO funds. In addition to more general policy direction, this Policy Framework contains specific information for DCHC MPO’s project selection process for programming DCHC MPO funds, as part of the development of the TIP. This policy focuses and provides guidance for programming DCHC MPO funds and support implementation and tracking of projects established in the MPO’s Metropolitan Transportation Plan.

Transportation Improvement Plan (TIP)

The TIP contains the transportation project list developed and approved through the MPO’s decision-making process. The TIP is focused on the development and implementation of projects that are part of or directly support key local and state transportation policies and plans, including designated projects in the 2040 MTP. Under federal law, the TIP must be a four-year program of projects that is updated at least every two years. At a minimum, federal and state legislation requires a TIP to contain all of the transportation projects requesting federal transportation funding under Titles 23 CFR (highways) and 49 CFR (transit) in the United States Code, as well as all the non-federally funded, significant projects. The TIP will therefore include:

- Projects using federal funds managed by the DCHC MPO (STP-DA, TAP, CMAQ, and FTA);
- Projects using federal and state funds managed by NCDOT;
- Projects of significance, regardless of funding source, required to be included in the air quality analysis and conformity determination of the TIP;
- Projects carried forward from the previous TIP funding, with funds not yet obligated.

As part of the development of the TIP, DCHC is responsible for reviewing all projects submitted for programming. DCHC has primary responsibility for selecting projects to receive DCHC-managed federal funds from the STP-DA, TAP, CMAQ, and FTA federal funding programs. The process is summarized in the subsequent sections of this policy.

DCHC MPO Funds - Eligibility Requirements

As previously stated, DCHC is responsible for selecting projects to receive STP-DA, TAP, CMAQ, and FTA funds. Each federal funding program has specific eligibility requirements, as follows:

- STP-DA funds are the most flexible of DCHC funds and can be used for a variety of transportation projects, transit projects, and planning activities.
- TAP funds may only be used for transportation alternatives including bicycle and pedestrian facilities, trails, scenic areas, community improvement activities, environmental mitigation and safe routes to school programs. No roadway capacity improvement projects are eligible for TAP funds.
- CMAQ funds are available for specific categories of transportation projects and programs that improve air quality by increasing the efficiency of existing transportation facilities or reducing travel demand on those facilities. General purpose roadway projects are not eligible.
- FTA funds may be used *only* for transit related projects serving the DCHC's federal urbanized area.

DCHC MPO Funds - STP-DA and TAP Funding Policy

The following three step process has been developed for allocating STP-DA and TAP funding.

Step 1 – Distribution guidance

The MPO funds identified are distributed through a partially competitive and partially non-competitive process. This process is based on the requirements of current transportation legislation, with additional guidance provided by the *2040 MTP*, the MPO's long-range metropolitan transportation plan and other local comprehensive plans.

The process begins with the calculation of our “expected” annual STP-DA and TAP funds available. It is calculated by combining our annual allocation over the 2 year period with any prior year uncommitted balance. The uncommitted balance shall include any

unexpended STP-DA that had been programmed for planning activities in prior year's Unified Planning Work Programs.

The total expected STP-DA and TAP funds available is initially reduced by the following items:

1. *Staff and Routine Planning for MPO-wide Planning Activities* - funding level varies depending on LPA needs, subject to UPWP approval
2. *Extra Planning for the Lead Planning Agency* - funding level varies depending on LPA needs, subject to UPWP approval

After those items have been accounted for, the remainder of STP-DA and TAP funds is allocated to 3 sub-categories as follows:

1. 25% to *Transit* (distributed to transit agencies by a formula)
2. 25% to *Regional Bicycle and Pedestrian* (competitive – for projects of regional scale and importance). All TAP funding will be programmed for projects in this category. The total funding will be inflated by 30% to result in an over-programming of funding. The over-programming will help ensure funding is obligated even if projects fall behind schedule.
3. 50% to *Local Discretionary* (distributed to participating members by a formula). The total funding will be inflated by 30% to result in an over-programming of funding. The over-programming will help ensure funding is obligated even if projects fall behind schedule.

Step 2 – Distribution of STP-DA and TAP within each distribution category

Staff and Routine Planning for MPO-wide Planning Activities – This category is for LPA staff and routine planning activities either performed by the LPA or by other agencies (TJ COG or the Model Service Bureau) on behalf of the LPA. There is no need for guidelines for the distribution of funding within this category because all funding is for MPO-wide activities – no funding is allocated to individual jurisdictions. The specific funding amount will be approved through the annual UPWP.

Extra Planning for the Lead Planning Agency – This category is for special emphasis projects performed by the LPA. This category is for planning projects that will enhance transportation planning in the MPO but are not required. All of the projects that have been approved are for MPO-wide activities. The specific funding amount will be approved through the annual UPWP.

Transit – All MPO transit agencies are eligible to receive funds. The funding will be distributed through a formula that is based 30% on the proportionate share of vehicle revenue hours for the system in the DCHC MPO's urbanized area, 30% on the proportionate share of vehicle revenue miles for the system in the DCHC MPO's urbanized area, 30% on the proportionate share of unlinked trips for the system in the DCHC MPO's urbanized area, and 10% on the proportionate share of the cost of vehicles needed to meet the ideal fleet age for each system's buses, light transit vehicles, and vans.

Regional Bicycle and Pedestrian – There is no distribution formula for funding within this category. All TAP funds will be programmed to projects in this category. As required, a competitive process will be used to select projects.

Local Discretionary – All municipal and county MPO member agencies are eligible to receive funds. \$500,000 of funding per programmed year will be distributed proportionately to all municipalities and counties based on the proportionate population share within the DCHC MPO's urbanized area. County populations will only include the unincorporated portions of the county. In addition, there is a guaranteed \$70,000 minimum for each municipality per programmed year and then the remainder is distributed only to the municipalities proportionate to the municipal populations.

Step 3 – Allocate STP-DA and TAP funds to specific projects within each category

All funding of specific projects within each category must be presented to the MPO Board for approval and must be included in the MPO's adopted TIP. There is no sub-allocation of funding directly to member governments.

These categories are approved annually with the UPWP process:

Staff and Routine Planning for MPO-wide Planning Activities– The LPA Staff will submit estimated staffing and routine planning activities annually for this category.

Extra Planning for the Lead Planning Agency – The LPA Staff will submit new or continued projects for this category.

Projects funded through the three other categories will be approved prior to the beginning of FY 2015. Amendments can be made in the interim as needed:

Transit – Transit agencies will submit projects to the LPA. The TC will make a recommendation and the MPO Board will approve the projects.

Regional Bicycle and Pedestrian – Members will submit requests to the LPA. Projects will be evaluated based on the following screening criteria and scoring methodology. The TC will make a recommendation and the MPO Board will approve the projects. The following serves to satisfy the requirement that all TAP funding be selected through a competitive process.

Screening Criteria

- Projects must anticipate a minimum of \$1,000,000 (federal) funding for construction. Design and right-of-way phases can request less than \$1,000,000 (federal) if the construction phase is expected to exceed \$1,000,000 (federal);
- Only the next imminent project phase should be requested (i.e. construction funding should only be requested once design and right-of-way is complete);
- Projects must be part of the adopted bicycle and pedestrian Regional Routes as listed in the current Metropolitan Transportation Plan or they must be bicycle and pedestrian routes greater than 1 mile in length that span multiple municipalities.

Scoring Methodology

- 40% Project readiness – priority will be given to projects that are ready to be constructed or are ready to move to the next phase of project development:
 - 100 points - Construction funding requested - right-of-way and design complete
 - 50 points - Right-of-way funding requested – design complete
 - 25 points - Planning requested
- 30% Safety
 - Variable score from 0-100 points based on the relative number of bike/ped crashes on the facility or parallel facility.
- 15% Spans multiple jurisdictions
 - 100 points – spans more than two local jurisdictions
 - 50 points – spans more than one local jurisdiction
- 15% Density
 - Variable score from 0-100 points based on the relative population and employment density of a 0.5 mile buffer of the corridor.

Local Discretionary – Each municipality and county will submit new or continued projects for this category to the LPA. The TC will make a recommendation and the MPO Board will approve the projects. The MPO Board will approve with the expectation that this category offers municipalities and counties flexibility in funding projects that reflect their own priorities and needs. Any local discretionary STP-DA

funding used for planning activities must also be included in the Unified Planning Work Program.

DCHC-MPO Funds – STP-DA Project Approval Process

DCHC has an established process for recommending and selecting projects to receive DCHC funds. STP-DA funds are distributed based on the aforementioned funding proposal methodology and the following funding policy that was adopted by MPO Board in 2003:

“Funding priority will be given to projects in the adopted DCHC Metropolitan Transportation Plan in the following categories and not for roadway projects:

- Public transit;
- Bicycle and pedestrian facilities;
- Transportation System Management, Transportation Demand Management, Intelligent Transportation Systems;
- Scenic and environmental enhancements;
- Planning studies that support the implementation or development of the adopted and future versions of DCHC’s Metropolitan Transportation Plan and air quality programs.

When projects are being considered, equity and funding in jurisdictions over time will be considered.”

Projects that are submitted for funding requests will be given priority separately according to the five project groups and the following guiding principles:

1. Staff and Routine Planning for MPO-wide Planning Activities includes:
 - a. New and existing LPA staff positions;
 - b. Activities that are required to be completed such as air quality planning, congestion mitigation planning, modeling, etc.
2. Extra Planning for the Lead Planning Agency includes:
 - a. LPA planning activities that are optional such as special emphasis projects.
3. Transit includes:
 - a. Durham Area Transit Authority, Chapel Hill Transit, Triangle Transit, and Orange Public Transit projects that comply with the adopted funding policy.
4. Regional bicycle and pedestrian projects includes:

- a. Projects of regional scale and importance that span or connect multiple jurisdictions.
 - b. Minimum project size of \$1,000,000 (federal)
- 5. Local Discretionary –This is the most flexible category. Projects can include:
 - a. Large bicycle and pedestrian projects;
 - b. Scenic and environmental enhancements to highway TIP projects;
 - c. Transit projects;
 - d. Planning projects.

DCHC MPO Funds – CMAQ Funding

Federal CMAQ funds are apportioned annually to each state according to the severity of its criteria air problems. The CMAQ program is funded by the Federal Highway Administration (FHWA); therefore CMAQ projects must follow federal laws and regulations. Since transportation and environmental program priorities fluctuate, a limited portion of CMAQ apportionment can be transferred to other federal-aid highway programs such as:

- Surface Transportation Program (STP)
- National Highway System (NHS)
- Highway Bridge Program (HBP)
- Interstate Maintenance (IM)
- Recreational Trails Program (RTP)
- Highway Safety Improvement Program (HSIP)

The transfer of funds has specific monetary provisions and will differ each year. It is also a requirement that any transfer of such funds must still be obligated in nonattainment and maintenance areas.

The CMAQ program is based on a competitive process for which proposals for candidate transportation projects are submitted to North Carolina Department of Transportation (NCDOT). MPOs and RPOs responsible for transportation planning in air quality non-attainment & maintenance areas are encouraged to work cooperatively with their member jurisdictions to develop and submit project proposals. There is currently a minimum project threshold of \$100,000.

Transit project(s) selected as part of the CMAQ competitive process are flexed to the Federal Transit Administration (FTA) and retain the funding laws and regulation under the CMAQ program. FTA is ultimately responsible for the administration of flexed CMAQ funds.

Travel demand management - Funding for the TDM will be shared equally by CAMPO. The MPO's share of TDM will be provided using CMAQ funds. TDM offers very high air quality benefits and competes very favorably for CMAQ funding. CMAQ funds have been approved for FY 2013 through 2017 for TDM.

Project Tracking System

DCHC would like to implement a Project Tracking System to monitor the progress of DCHC's STP-DA, TAP, CMAQ, and FTA funds. The following is a proposed tracking system. The project tracking policies contained within this document apply to the following federal funds for which the DCHC has primary responsibility for project selection through the current congressional appropriations bill:

- Surface Transportation Program Direct Attributable (STP-DA),
- Transportation Alternatives Program (TAP),
- Congestion Mitigation and Air Quality Improvement Program (CMAQ), and
- Federal Transit Administration (FTA) – Section 5307

The purpose of the project tracking system is to ensure the timely use of all MPO-managed federal funds (referred to as "MPO funds"). Four (4) important goals of the system are to:

- Implement approved qualified/quantifiable projects
- Identify the reasons and accountability for, and possible solutions to, project delays
- Ensure a consistent process is followed for any distribution of MPO funds
- Ensure minimal impact to DCHC's UZA in the event of future rescissions

Each project sponsor will be responsible for identifying the appropriate estimated obligation date for each phase of their project receiving MPO funds and update as necessary via the project tracking database. A one-year grace period beyond the estimated obligation date is established for each project. The estimated obligation date identified by each project sponsor, once funds are programmed in the Transportation Improvement Program (TIP), is used to monitor the progress of the funds and the projects.

This project tracking system will monitor the obligation of STP-DA, TAP, and CMAQ funds, as well as the timely realignment of these funds when necessary. A decision on the need to develop policies and procedures for monitoring the expenditures of STP-DA and TAP will be instituted at a future date. LPA staff is currently working to develop a CMAQ project evaluation analysis policy. This policy will monitor CMAQ projects to evaluate whether or

not they have met their intended objectives and will also be used in decisions for future CMAQ funding.

Policies - Obligations & Monitoring

A. Obligation Monitoring of STP-DA, TAP, and CMAQ Funds

Each phase of a project with STP-DA, TAP, and/or CMAQ funds is allowed a one-year grace period beyond the allocation year. If project funds remain un-obligated by the end of this grace period, funds are at risk of being removed from the project. The MPO staff will provide regular reports to both the TC and the MPO Board of those projects with STP-DA, TAP, and/or CMAQ funds that are approaching this milestone. These reports will include information on the age of the funds, the phases programmed, and the length of time passed beyond the estimated obligation date (i.e., months “past due”).

LPA staff will notify the project sponsor when any STP-DA, TAP, or CMAQ funds are six months past the estimated obligation date (before the one-year grace period expires). The project sponsor will be required to prepare a narrative outlining the reasons for the delay in preparation for presentation to the TC. The LPA staff, along with the TC’s input will determine whether or not an obligation date extension is warranted.

1. The length of any obligation date extension will be determined on a case-by-case basis and may be allowed for any date within the 7-year time span of the current TIP. The TC will then make a recommendation to the MPO Board.
2. If the LPA staff and subsequent TC determination is that an obligation date extension is not warranted, the recommendation to the Committee will be to remove the funds in question from the project. Project sponsors will be provided the opportunity to present their case to the Committee if they choose to appeal the recommendation. The LPA Staff will be regularly notified well in advance of all delayed projects with “at risk” funds via the reports mentioned above, and will be taking action on all subsequent activities. Any redistribution of these funds will follow the policies contained in Section E of this document.
3. LPA staff will obtain a monthly report from NCDOT that will be used to develop a report to reconcile project obligations. This will provide a “real-time” status of project obligations.

B. Expenditure Monitoring of STP-DA, TAP, and CMAQ Funds

A decision on the need to develop policies and procedures for monitoring the expenditures of STP-DA and TAP will be instituted at a future date. LPA staff is currently working to develop a CMAQ project evaluation analysis policy. This policy will monitor CMAQ projects to evaluate whether or not they have met their intended objectives and will also be used in decisions for future CMAQ funding.

C. Obligation and Expenditure Monitoring of FTA Funds

These funds include STP-DA and CMAQ funds flexed from FHWA. The MPO Board will approve the flexed amount each year at the first meeting for the federal fiscal year. (Typically October MPO Board meeting) Once the MPO Board has approved the flexed amount, the request is made through NCDOT-PTD to transfer (flex) these funds, making them available through the FTA grant application process.

1. Each transit agency receiving funding will submit an application to FTA via the Transportation Electronic Award Management (TEAM) system within 45 days of MPO Board's authorization. The application is used to obligate Section 5307 funding for approved project (s) *(The application will be assigned a 10-digit application number beginning with NC-90-XXXX-XX)*
 - a. Any time there is an application amendment; updated copies must be sent to DCHC.
2. Each transit agency must forward a copy of the approved application and certificate of award/grant agreement to DCHC within 30 days of receipt of FTA documents.
3. The mandatory reports and applicable due dates are as follows:
 - 1st Quarter - due Feb. 15th;*
 - 2nd Quarter - due May 15th;*
 - 3rd Quarter - due Aug. 15th;*
 - 4th Quarter - due Nov. 15th*
 - a. **Narrative reports** - Each transit agency must forward a copy of their quarterly narrative reports to DCHC according to the deadlines dictated above. *(The standard FTA narrative report includes complete project information, the Federal Financial Report (SF-425) and a Milestone/Project Progress report.*
 - b. **UPWP Detail Composite Report** - Each transit agency/participating

member government must complete the detailed composite expense report in the standard UPWP task format according to the deadlines dictated above.

c. **Project Funds/Status** - Each transit agency will forward a “print-screen” copy of the Project Funds/Status – Project funding tab only to DCHC according to the deadlines dictated above. *(This report will give details on obligations, disbursements, de-obligation & refunds over the life of the project.)*

D. *Scope Changes to Projects Awarded STP-DA, TAP, CMAQ and/or FTA Funds*

Requests for a change in scope for a project that received DCHC funds must be submitted to the TC for evaluation. All projects awarded CMAQ funds were selected via a competitive process based upon the expectation that the project as described in the grant application would be delivered in the time frame specified. During the selection process of CMAQ projects, each project went through an extensive sub-committee review and quality analysis. As a result, proposed scope changes may have consequences that require careful review and evaluation by LPA staff before they can be recommended for approval.

If a change is requested such that the MPO funds will implement some reduced scope of the existing project, the project sponsor will be asked to provide information on their intent to complete the full project and the request will be sent to the MPO Board for approval. An existing project’s scope may not be modified so substantially as to effectively constitute a new project. This will be reviewed on a case-by- case basis, but a change in location or outcome may be considered a new project (e.g., changing the scope from a high occupancy vehicle lane to a general purpose lane). A key factor will be how the project was described and evaluated during the competitive process – any scope changes will then be reviewed to determine if the project is essentially meeting the spirit of the original evaluation.

E. *Distribution of New and “Returned” STP-DA, TAP, CMAQ and FTA Funds*

New and “Returned” funds are defined as follows:

1. **New funds** are defined as additional funds to the MPO/UZA from the reauthorization of federal legislation or other sources.
2. **Returned funds** may originate from several sources: un-committed funds remaining from each project category, unused funds from completed projects, unused funds remaining from cancelled projects, or funds “returned” from projects due to a variety of reasons (such as an indefinite delay to a project, a change in

priorities, or the receipt of other funding sources).

The TC and MPO Board will approve the following:

- Some categories of STP-DA and TAP funds will be over-programmed by 30% in anticipation that projects may fall behind schedule, be canceled or delayed, or receive other funding. These projects should already be approved by the MPO Board and be included in the TIP.
- Cost over-runs will be considered on a case-by-case basis by the TC and MPO Board. If the MPO's unobligated balance can accommodate the request and the funding is necessary for the project to move forward, the LPA staff will recommend approval of the request.
- A MPO-wide CMAQ contingency list will be retained based on originally submitted proposals that met the program requirements during the current competitive selection process, but were otherwise unable to be funded due to funding availability.

The FTA funds distributed noncompetitively will not be affected by this policy, yet transit projects may be highly considered as contingency projects due to the increased ability to obligate these funds/projects.

Adopted by MPO Board on August 13, 2014